

16 May 2019

ASX Release
SM74 D-14 Well Spud and SM71 Production Update

- **Byron operated SM74 D-14 exploration well has commenced drilling**
- **The well is being drilled from Ankor's SM73 D platform, utilising the White Fleet Drilling 350 jack-up rig**
- **Significant capital savings and reduced cycle time to first production if hydrocarbons are discovered**

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) is pleased to announce as of 0200 Hours US Central Daylight Time on 15 May 2019, the White Fleet Drilling 350 jack-up rig has commenced drilling operations on the Byron operated SM74 D-14 well, the first test well on the South Marsh Island 74 ("SM74") block and has drilled to 825' Measured Depth ("MD"). Current operations are preparing to run and cement 20" conductor pipe.

The SM74 D-14 well is being drilled from the SM73 D platform. As previously announced on 19 September 2018, Byron signed an agreement with Ankor Energy LLC, the offset operator of SM73, to drill from and, in the success case, produce through the SM73 D platform. This arrangement reduces the threshold of economic reserves by eliminating the need to build a new platform and offers significant capital savings in infrastructure as well as reducing the cycle time to first production if hydrocarbons are discovered.

The SM74 D-14 well will be drilled to a depth of 16,747 feet MD) (14,726 feet True Vertical Depth) and is expected to take approximately 50 days to drill. The SM74 D-14 well will test multiple amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil ("mmbo") and 13.2 billion cubic feet ("bcf") of gas, 3.0 mmbo and 7.5 bcf net to Byron.* The equivalent target section is an established producer in fields to both the east and west of the SM73 Field, but has been sparsely tested within the SM73 Field.

Byron has farmed-out a 30% working interest share of the SM74 prospect to Metgasco (ASX: MEL) on industry standard terms whereby Metgasco will earn their interest by paying 40% of the \$11.4 million initial well dry hole costs and Byron will pay the remaining 60%. Both companies will then bear their respective working interest costs after the initial well is drilled to total depth. Byron, through its wholly owned US subsidiary Byron Energy Inc., is the operator of the well.

Byron will issue progress reports on the SM74 D-14 well as material developments occur.

** Cautionary statement prospective resources: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

SM71 Production Update

Byron also advises that the SM71 Field has now returned to production after a scheduled shut in by the pipeline owner, Crimson Gulf, for maintenance. The shut in was forecasted to take 4 days but unexpected weather and operational delays resulted in a total shut in of 7 days. Byron, through its wholly owned subsidiary Byron Energy Inc. is the operator of SM71 and has a 50% working interest and a 40.625% net revenue interest in SM71. Otto Energy Limited group (ASX: OEL) holds the remaining interest in SM71.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding the SM74 D-14 exploration well:

“We are pleased to move into the drilling phase on SM74 D-14. We look forward to testing this Reverse Time Migration (RTM) based prospect from an existing platform location which, if successful, speeds up cycle time to first production but also greatly enhances the project economics.”

“SM74 D-14 is a high-quality exploration opportunity with stacked objectives along the east flank of the dome. It is an important step in evaluating the deeper stratigraphic section on Byron’s South Marsh Island Area leasehold acreage in the Gulf of Mexico shelf over the next 2-3 years”

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Forward Looking Statements

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this document require Byron and its management to make assumptions that may not materialise or that may not be accurate. Although Byron believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

About Byron:

Byron Energy Limited (“Byron or the Company”) (ASX: BYE) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron’s experienced management team has a proven record of accomplishment of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company’s website at www.byronenergy.com.au.

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Prospective Resources – Information in respect of LR 5.25

The Company's 2018 Annual Reserves and Resources Report was released to the ASX on 19 September 2018, including prospective resources for SM74. Prospective resources for SM74 were estimated by Collarini Associates, an independent petroleum engineer, based in Houston, Texas, USA, with an effective date of 30 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements in respect to SM 74 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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